

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: June 3, 2025

To: Mayor and Town Council
From: Nick Walker, Administrative Services Director
Subject: 2025-27 Recommended Operating Budget and 2025-30 Proposed Capital Improvement Program

Recommendation to Council:

1. Review and provide direction on the 2025-27 Recommended Operating Budget.
2. Review and provide direction on the 2025-30 Proposed Capital Improvement Program.

Strategic Plan Element:

The recommended action supports the goal of Organizational Effectiveness. Goal Statement: Achieve a high performing organization by nurturing an engaged workforce committed to a shared vision of public service.

Background:

The Town of Windsor prepares a two-year budget to provide a financial and operational framework for the delivery of municipal services. The Town Code (Section 1-4-170) requires the adoption of an annual budget, and the biennial format satisfies this requirement through two separate one-year fiscal plans.

Accompanying the biennial operating budget is the five-year Capital Improvement Program (CIP), which outlines planned capital investments and supports long-range infrastructure development. The Planning Commission reviewed the CIP for General Plan consistency on May 27, 2025, and final budget adoption is anticipated on June 18, 2025.

On May 19, 2025 the Town of Windsor held its first budget workshop for the 2025-27 Recommended Operating Budget. Direction received from that workshop has been included in the budget being presented tonight.

Discussion:

The Fiscal Year (FY) 2025-27 Recommended Budget totals \$272 million and includes the following components:

- Operating Budget: \$126 million
- Capital Expenditures: \$142 million
- Debt Service: \$4 million

The budget was developed in alignment with the Town's Financial Management Policies and budget principles, emphasizing long-term planning, fiscal responsibility, and sustainability.

Economic Conditions and Budget Strategy

Since the last biennium, the Town has faced stalled development, high inflation, and slower-than-expected revenue recovery, necessitating a reassessment of spending priorities. All departments were required to submit reduced, sustainable operating budgets. A 10% reduction in the requested General Fund budgets was implemented.

Despite these challenges, the Town completed several significant projects in FY 2023-25, including major infrastructure, IT, and public facility improvements, as well as progress in affordable housing and long-range planning.

Strategic Framework

The budget aligns with the Town Council's reaffirmed Strategic Plan goals:

- Fiscal Health
- Infrastructure
- Livability
- Organizational Effectiveness

Additionally, Council identified priority initiatives for FY 2025-27, such as evaluating a potential sales tax measure in 2026 and investing in economic development and public infrastructure.

General Fund Overview

The General Fund faces structural challenges due to rising costs and flat revenue projections. Over the biennium, \$48 million in General Fund revenues are projected, while \$7.8 million in reserves above the 25% minimum reserve policy will be used to maintain core services and Council priorities.

Key revenue assumptions:

- Property Tax: 3–4% growth
- Sales Tax: 8% decline from recent peaks; modest growth of 1–3% forecasted
- TOT: \$500,000 decline due to STR limits
- Franchise Fees: 4% annual growth

Operationally, the Town will maintain staffing levels, implement 10% departmental reductions, and reduce law enforcement staffing through contract adjustments with the Sonoma County Sheriff.

Special Revenue and Capital Improvement Funds

In addition to the revenues and expenditures that make up the General Fund, the Town received restricted revenue sources which are restricted to a variety of specific purposes. Of the recommended \$272 million of appropriations, \$27 million is proposed to be appropriated to these funds. Approximately 60% is programed for capital projects.

Enterprise Funds

The Water and Water Reclamation Funds remain self-sustaining and are supported by a recent cost-of-service study. Pending Town Council approval, a phased rate adjustment will begin July 1, 2025. Planned capital projects will be funded through a mix of pay-as-you-go transfers and future debt financing.

Fiscal Impact:

There is no fiscal impact related to the recommended action.

Environmental Review:

The recommended action is not subject to review under the California Environmental Quality Act (CEQA).

Links to Attachments (may require a longer loading time):

1. [2023-25 Recommended Operating Budget](#)
2. [2023-28 Proposed Capital Improvement Program](#)

Attachment(s):

1. [2025-27 Recommended Budget](#)
2. [Proposed CIP FY2025-2030](#)
 - 6.1 [Correspondence Received \(Distributed 2025-06-02\)](#)
 - 6.1 [Correspondence Received \(Distributed 2025-06-03\)](#)
 - 6.1 [PowerPoint \(Distributed 2025-06-03\)](#)
 - 6.1 [Discretionary List \(Distributed 2025-06-03\)](#)
 - 6.1 [Correspondence Received \(Distributed 2025-06-03\)](#)
 - 6.1 [Correspondence Received \(Distributed 2025-06-04\)](#)

Prepared by:

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Approved by:

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